
ENGROSSED SUBSTITUTE HOUSE BILL 1949

State of Washington

53rd Legislature

1993 Regular Session

By House Committee on Revenue (originally sponsored by Representatives Morris, Wang, Appelwick, Brough, Rust, Foreman, Springer, Peery, Ogden, Dunshee, Sommers, G. Cole, G. Fisher, R. Meyers, Riley, Mastin, Quall, Kessler, Romero, Karahalios, Shin, Basich, Heavey, Zellinsky, Ludwig, Roland, L. Johnson, Orr, Valle, Flemming, Bray, Holm, Hansen, Rayburn, Wolfe, Anderson, Finkbeiner, H. Myers, R. Fisher, Locke, Brown, Sheldon, Johanson, Veloria, Cothorn, Scott, Leonard, Jacobsen, R. Johnson, King, Linville, Pruitt, Eide, Campbell, Grant, J. Kohl and Patterson)

Read first time 03/08/93.

1 AN ACT Relating to political activities of organizations exempt
2 from property taxes; adding a new section to chapter 84.36 RCW; and
3 creating new sections.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature finds that exemption from
6 property tax is granted to certain types of organizations because their
7 organizational purposes are basically altruistic, religious, or
8 educational. The legislature recognizes that nonprofit organizations
9 provide community services and community benefit. It is in recognition
10 of this contribution to a stable, quality community that exemption from
11 property tax is granted. The legislature further finds that, because
12 of the nature of the state's tax system, many essential services, such
13 as education, and police and fire protection, are paid by the citizens
14 through their property tax bills. They, in turn, pay the cost of
15 public services provided to the tax exempt organizations.

16 The legislature further finds that in exchange for the exemption
17 from property taxes certain prohibitions on activities of tax exempt
18 organizations are fair and appropriate. Nonprofit exempt
19 organizations, associations, or corporations in order to continue to

1 provide service to the general public, should remain neutral with
2 respect to activities that affect political campaigns on behalf of, in
3 support of, or in opposition to, a political candidate or group of
4 political candidates.

5 NEW SECTION. **Sec. 2.** A new section is added to chapter 84.36 RCW
6 to read as follows:

7 (1) Except as specified in subsection (4) of this section, a
8 nonprofit organization, association, or corporation exempt from
9 property tax under any of the provisions of this chapter shall not use
10 its financial or physical resources to engage in prohibited political
11 activities. If any such nonprofit organization, association, or
12 corporation engages in prohibited political activity, the real and
13 personal property of the nonprofit organization, association, or
14 corporation is subject to taxation. For purposes of this section, the
15 following definitions apply:

16 (a) "Prohibited political activities" means direct intervention in
17 a political campaign on behalf of, in support of, or in opposition to,
18 a political candidate or group of political candidates and includes but
19 is not limited to:

20 (i) Displaying or distributing posters, pamphlets, or signs on
21 behalf of, in support of, or in opposition to a political candidate or
22 a group of political candidates;

23 (ii) Soliciting funds or other resources to be used on behalf of,
24 in support of, or in opposition to a political candidate or a group of
25 political candidates;

26 (iii) Contributing funds or other resources to be used on behalf
27 of, in support of, or in opposition to a political candidate or a group
28 of political candidates;

29 (iv) Printing or distributing written or printed materials on
30 behalf of, in support of, or in opposition to a political candidate or
31 a group of political candidates;

32 (v) Using bulletins, newsletters, or other written or printed
33 materials of an exempt organization, association, or corporation to
34 promote, or to support, promote, or oppose a political candidate or a
35 group of political candidates;

36 (vi) Using a vehicle of an exempt organization, association, or
37 corporation to transport members or others to an event or rally on

1 behalf of, in support of, or in opposition to a political candidate or
2 a group of political candidates;

3 (vii) Using tax exempt property as an assembly site or gathering
4 area for an event or rally, on behalf of, in support of, or in
5 opposition to a political candidate or a group of political candidates;
6 and

7 (viii) Using equipment or supplies of an exempt organization,
8 association, or corporation to produce, reproduce, or distribute
9 written or printed materials on behalf of, in support of, or in
10 opposition to a political candidate or a group of political candidates.

11 (b) "Political candidate" means an individual who offers himself or
12 herself, or is proposed by others, as a contestant for an elective
13 office, whether such office is national, state, or local.

14 (2) An exempt organization, association, or corporation's property
15 tax exemption will not be revoked as the result of an inadvertent
16 violation of the provisions of this section, if the inadvertent
17 violation is not part of a pattern of violation. An inadvertent
18 violation repeated in the same or successive assessment years is
19 presumed to be a pattern of violation.

20 (3) If an exempt organization, association, or corporation engages
21 in prohibited political activity, the following sanctions shall apply:

22 (a) Upon any violation of this section, the department of revenue
23 shall issue a notice in writing to the exempt organization,
24 association, or corporation indicating the nature of the alleged
25 violation. The organization shall have thirty days to respond. If,
26 after considering relevant information, the department of revenue finds
27 that the exempt organization, association, or corporation has engaged
28 in prohibited activity, the department shall issue a notice in writing.
29 The notice shall indicate the nature of the violation and a warning
30 that further or additional violation of this section shall result in
31 revocation of exemption. The exempt organization, association, or
32 corporation may appeal the department's finding in accordance with the
33 provisions of RCW 34.05.410 through 34.05.494.

34 (b) A further or additional violation of this section after the
35 warning has been issued shall result in revocation of exemption.

36 (c) An appeal from the revocation decision of the department shall
37 be made to the department within thirty days of mailing of the
38 decision. The department shall provide by rule for hearing of the
39 appeal in accordance with the provisions of RCW 34.05.410 through

1 34.05.494. A further appeal from an adverse decision of the department
2 may be made de novo in accordance with RCW 84.36.850.

3 (d) The nonprofit organization, association, or corporation shall
4 not be allowed to reapply for property tax exemption during the
5 remainder of the year in which the revocation decision under this
6 section was issued, and for one additional assessment year.

7 (4) Organizations exempt from taxation under RCW 84.36.050 are
8 exempt from subsection (1) of this section.

9 (5) Nothing in this section may be construed to prohibit political
10 activity or limit freedom of speech of individual members of a
11 nonprofit organization, association, or corporation exempt under this
12 chapter.

13 (6) Nothing in this section may be construed as a prohibition on an
14 exempt organization's ability to hold candidate forums where all
15 candidates are given equal opportunity to express their views and
16 distribute materials.

17 (7) The property tax exemption of a nonprofit organization,
18 association, or corporation shall not be jeopardized under this section
19 if the exempt property is rented to another organization for an event
20 or rally on behalf of, in support of, or in opposition to, a political
21 candidate or group of political candidates if the rent received for the
22 use of the property represents the normal and standard rate for the
23 maintenance and operation expenses associated with such use of the
24 property and does not exceed the maintenance and operation expenses
25 attributable to the portion of the property rented, and the rental of
26 the property otherwise complies with the provisions of RCW 84.36.805.

27 NEW SECTION. **Sec. 3.** No provision of this act may be applied,
28 construed, or interpreted, in any way, to be more restrictive than the
29 application, construction, or interpretation of the provisions of 26
30 U.S.C. Sec. 501(c)(3) of the internal revenue code as they apply to
31 political activities by tax-exempt, nonprofit organizations and the
32 loss of tax-exempt status by such organizations.

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